

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Vasconcellos Analyst: Gloria McConnell Bill Number: SB 1310

Related Bills: See Prior Analysis Telephone: 845-4336 Amended Date: 08/10/00

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Franchise Tax Board's Court-ordered Debt Collection Program

- ☒ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended 07/06/00.
- ☐ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☐ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- ☐ FURTHER AMENDMENTS NECESSARY.
- ☐ DEPARTMENT POSITION CHANGED TO _____.
- ☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL STILL APPLIES.
- ☒ OTHER - See comments below.

SUMMARY OF BILL

This bill would:

1. Extend for one year, until January 1, 2003, the termination (sunset) of the court-ordered debt (COD) collection pilot program administered by the Franchise Tax Board (FTB);
2. Require FTB to address in its report that is due to the Legislature on or before April 1, 2001, the feasibility and advisability of expanding the COD collection program to accept referrals from all 58 counties;
3. Require the Department of Justice (DOJ), in consultation with FTB and other specified state entities, to examine ways to enhance the use and effectiveness of the Controller's offset program, which is administered by the FTB, through integration with the DOJ's Wanted Persons System, and require that DOJ report to the Legislature on or before January 1, 2002;
4. Require the DOJ, in consultation with FTB, to examine ways to enhance the use and effectiveness of FTB's COD collection program through integration with the DOJ's Wanted Persons System and report to the Legislature on or before January 1, 2002; and
5. Require any state or local governmental agency, including the FTB, to provide to the DOJ, to a court, or to a California law enforcement agency the address of any person represented to be a person for whom there is an outstanding arrest warrant.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Johnnie Lou Rosas

8/25/00

SUMMARY OF AMENDMENT

The August 10, 2000, amendments resolve the implementation and technical considerations addressed in FTB's previous analysis of the bill. The bill as amended would generally:

- ?? Extend the COD collection program and pilot period to December 31, 2002, to sunset the following day, January 1, 2003.
- ?? Codify FTB's current practice of limiting to 17 the number of counties that may participate in the COD collection program.
- ?? Authorize FTB staff to disclose a person's address information to DOJ, a court, or a California law enforcement agency, as required by this bill.

EFFECTIVE DATE

This bill would be effective and operative on January 1, 2001.

Policy Consideration

As stated in FTB's previous analysis of this bill, in the past, the three-member FTB has expressed concern with disclosing taxpayer information, including an address, for a purpose unrelated to tax administration.

Implementation Considerations

Extending the sunset date for the COD collection program by one year to January 1, 2003, would allow the DOJ study/report to be taken into consideration if the COD collection program were made permanent.

The workload impact on FTB as a result of the provision that requires FTB to disclose tax information is unknown. Historically, exchanges of tax information are automated, via magnetic media or other comparable electronic methods of exchanging data. FTB staff anticipates the exchange of address information required under this bill would be similarly processed. To the extent this exchange of address information must be processed on a case-by-case basis or cannot be accommodated within one of FTB's existing exchange of information processes, this exchange of address information may be burdensome for the department. According to DOJ, the potential volume of address requests is unknown, but it anticipates that it should be minimal. DOJ further anticipates that these requests for addresses would be made for only the more serious felons and that California law enforcement agencies would recognize that the chance would be remote that felons are filing tax returns from which FTB would obtain the address.

FTB staff is concerned there may be a significant increase in telephone calls from California law enforcement agencies about participating in this exchange of address information process. However, according to DOJ, it anticipates that it would assist FTB in communicating the participation details to the California law enforcement agencies by using an existing DOJ system. This should reduce, if not eliminate, any potential increase in telephone calls for FTB.

Departmental Costs

The only increase in departmental costs that would be associated with this bill would be those resulting from the exchange of address information and the manner in which that exchange of information is implemented and administered; however, the amount of the increase, if any, is unknown.

Collection Estimate

This bill would not significantly affect FTB's collections of CODs.

BOARD POSITION

Pending.